

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



October 30, 2015

Dr. Bobby Azam
Superintendent
ANDREWS Independent School District
405 NW 3rd Street
Andrews, Texas 79714

Dear Superintendent Azam:

On October 8, 2015, the Comptroller issued written notice that Core Solar SVP VIII, LLC (the applicant) submitted a completed application (Application #1094) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 11, 2015, to the Andrews Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1094.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

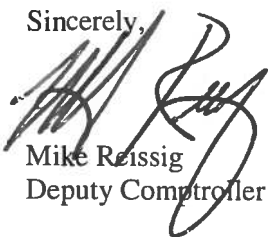
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of October 8, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, director of Data Analysis and Transparency, by email at Korry.Castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Core Solar SVP VIII, LLC (the project) applying Andrews Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Core Solar SVP VIII, LLC.

Applicant	Core Solar SVP VIII, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy
School District	Andrews ISD
2013-14 Enrollment in School District	3,758
County	Andrews
Proposed Total Investment in District	\$100,000,000
Proposed Qualified Investment	\$100,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	1
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1000
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$980
Minimum annual wage committed to by applicant for qualified jobs	\$52,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$100,000,000
Estimated M&O levy without any limit (15 years)	\$6,735,421
Estimated M&O levy with Limitation (15 years)	\$4,138,355
Estimated gross M&O tax benefit (15 years)	\$2,597,066
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of RE Core Solar SVP VIII, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	200	196	396	\$7,506,800	\$17,317,139	\$24,823,939
2017	1	25	26	\$52,000	\$3,333,451	\$3,385,451
2018	1	14	15	\$52,000	\$2,377,461	\$2,429,461
2019	1	5	6	\$52,000	\$1,536,420	\$1,588,420
2020	1	0	1	\$52,000	\$954,681	\$1,006,681
2021	1	(2)	-1	\$52,000	\$570,322	\$622,322
2022	1	(3)	-2	\$52,000	\$330,506	\$382,506
2023	1	(4)	-3	\$52,000	\$172,209	\$224,209
2024	1	(3)	-2	\$52,000	\$83,264	\$135,264
2025	1	(2)	-1	\$52,000	\$70,400	\$122,400
2026	1	(2)	-1	\$52,000	\$98,440	\$150,440
2027	1	(1)	0	\$52,000	\$147,195	\$199,195
2028	1	0	1	\$52,000	\$205,239	\$257,239
2029	1	1	2	\$52,000	\$264,796	\$316,796
2030	1	1	2	\$52,000	\$319,151	\$371,151
2031	1	2	3	\$52,000	\$369,218	\$421,218

Source: CPA, REMI, RE Core Solar SVP VIII, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Andrews ISD I&S Levy	Andrews ISD M&O Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County (see note 2)	Andrews Hospital	Estimated Total Property Taxes
			Tax Rate ¹	0.1100	1.0600		0.2936	0.29612	
2017	\$100,000,000	\$100,000,000		\$110,000	\$1,060,000	\$1,170,000	\$293,600	\$296,120	\$1,759,720
2018	\$85,000,000	\$85,000,000		\$93,500	\$901,000	\$994,500	\$249,560	\$251,702	\$1,495,762
2019	\$72,250,000	\$72,250,000		\$79,475	\$765,850	\$845,325	\$212,126	\$213,947	\$1,271,398
2020	\$61,412,500	\$61,412,500		\$67,554	\$650,973	\$718,526	\$180,307	\$181,855	\$1,080,688
2021	\$52,200,625	\$52,200,625		\$57,421	\$553,327	\$610,747	\$153,261	\$154,576	\$918,585
2022	\$44,370,531	\$44,370,531		\$48,808	\$470,328	\$519,135	\$130,272	\$131,390	\$780,797
2023	\$37,714,952	\$37,714,952		\$41,486	\$399,778	\$441,265	\$110,731	\$111,682	\$663,678
2024	\$32,057,709	\$32,057,709		\$35,263	\$339,812	\$375,075	\$94,121	\$94,929	\$564,126
2025	\$27,249,053	\$27,249,053		\$29,974	\$288,840	\$318,814	\$80,003	\$80,690	\$479,507
2026	\$23,161,695	\$23,161,695		\$25,478	\$245,514	\$270,992	\$68,003	\$68,586	\$407,581
2027	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2028	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2029	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2030	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2031	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
			Total	\$698,959	\$6,735,421	\$7,434,380	\$1,865,584	\$1,881,597	\$11,181,561

Source: CPA, RE Core Solar SVP VIII, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Andrews County and the Andrews County Hospital District, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county, and hospital district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	0	Andrews ISD I&S Levy	Andrews ISD M&O Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County (see note 2)	Andrews Hospital	Estimated Total Property Taxes
			Tax Rate ¹	0.1100	1.0600		0.2936	0.29612	
2017	\$100,000,000	\$30,000,000		\$110,000	\$318,000	\$428,000	\$167,521	\$144,294	\$739,815
2018	\$85,000,000	\$30,000,000		\$93,500	\$318,000	\$411,500	\$142,393	\$122,650	\$676,543
2019	\$72,250,000	\$30,000,000		\$79,475	\$318,000	\$397,475	\$121,034	\$104,252	\$622,761
2020	\$61,412,500	\$30,000,000		\$67,554	\$318,000	\$385,554	\$102,879	\$88,615	\$577,047
2021	\$52,200,625	\$30,000,000		\$57,421	\$318,000	\$375,421	\$87,447	\$75,322	\$538,190
2022	\$44,370,531	\$30,000,000		\$48,808	\$318,000	\$366,808	\$74,330	\$64,024	\$505,162
2023	\$37,714,952	\$30,000,000		\$41,486	\$318,000	\$359,486	\$63,180	\$54,420	\$477,087
2024	\$32,057,709	\$30,000,000		\$35,263	\$318,000	\$353,263	\$53,703	\$46,257	\$453,224
2025	\$27,249,053	\$27,249,053		\$29,974	\$288,840	\$318,814	\$45,648	\$39,319	\$403,781
2026	\$23,161,695	\$23,161,695		\$25,478	\$245,514	\$270,992	\$38,801	\$33,421	\$343,213
2027	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2028	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2029	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2030	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
2031	\$20,000,000	\$20,000,000		\$22,000	\$212,000	\$234,000	\$58,720	\$59,224	\$351,944
			Total	\$698,959	\$ 4,138,355	\$ 4,837,313	\$ 1,190,536	\$ 1,068,694	\$ 7,096,543
			Difference	\$ -	\$ 2,597,066	\$ 2,597,067	\$ 675,049	\$ 812,903	\$ 4,085,018

Assumes School Value Limitation and Tax Abatement with the County and Hospital District.

Source: CPA, RE Core Solar SVP VIII, LLC

¹Tax Rate per \$100 Valuation

² While Andrews County rate is .2936, a portion (16.25%) of this rate is attributed to the County's FMFC for which it has offered no incentive. Thus for Calculation purposes, while the County has offered a tax abatement worth 51.2725%, this amount was only deducted from the abated taxes for the allowed years (2017-2016).

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that Core Solar SVP VIII (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$318,000	\$318,000	\$742,000	\$742,000
	2018	\$318,000	\$636,000	\$583,000	\$1,325,000
	2019	\$318,000	\$954,000	\$447,850	\$1,772,850
	2020	\$318,000	\$1,272,000	\$332,973	\$2,105,823
	2021	\$318,000	\$1,590,000	\$235,327	\$2,341,149
	2022	\$318,000	\$1,908,000	\$152,328	\$2,493,477
	2023	\$318,000	\$2,226,000	\$81,778	\$2,575,255
	2024	\$318,000	\$2,544,000	\$21,812	\$2,597,067
	2025	\$288,840	\$2,832,840	\$0	\$2,597,067
	2026	\$245,514	\$3,078,354	\$0	\$2,597,067
Maintain Viable Presence (5 Years)	2027	\$212,000	\$3,290,354	\$0	\$2,597,067
	2028	\$212,000	\$3,502,354	\$0	\$2,597,067
	2029	\$212,000	\$3,714,354	\$0	\$2,597,067
	2030	\$212,000	\$3,926,354	\$0	\$2,597,067
	2031	\$212,000	\$4,138,354	\$0	\$2,597,067
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$212,000	\$4,350,354	\$0	\$2,597,067
	2033	\$212,000	\$4,562,354	\$0	\$2,597,067
	2034	\$212,000	\$4,774,354	\$0	\$2,597,067
	2035	\$212,000	\$4,986,354	\$0	\$2,597,067
	2036	\$212,000	\$5,198,354	\$0	\$2,597,067
	2037	\$212,000	\$5,410,354	\$0	\$2,597,067
	2038	\$212,000	\$5,622,354	\$0	\$2,597,067
	2039	\$212,000	\$5,834,354	\$0	\$2,597,067
	2040	\$212,000	\$6,046,354	\$0	\$2,597,067
	2041	\$212,000	\$6,258,354	\$0	\$2,597,067
		\$6,258,354	is greater than	\$2,597,067	

Analysis Summary	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Core Solar SVP VIII

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has **determined** that the limitation on appraised value is a determining factor in the Core Solar SVP VIII’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company, Andrews County Commissioners Court and numerous media reports, the applicant entered into a tax abatement agreement in July 2015.
- The applicant submitted documents clearly indicating development plans of the project to fall within a clearly designated Reinvestment Zone.
- Per the applicant, “without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.”
- According to GoogleMaps (including street level photos) there is currently no personal property on the site.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☐ Yes ☒ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☒ Yes ☐ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☒ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☒ Yes ☐ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other counties and states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics \$52of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. Other places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives, including Tennessee, North Carolina, Mississippi, Utah, New Mexico, California and Arizona.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the international average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes non financeable.

Confidential

Information regarding Applicant's parent company's ability to relocate this project in other areas has been requested by the company to be kept confidential as the company believes would cause the company to suffer substantial competitive harm and weaken its position in competitive siting decisions

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**

Google Maps

NW 2001

North east corner of property

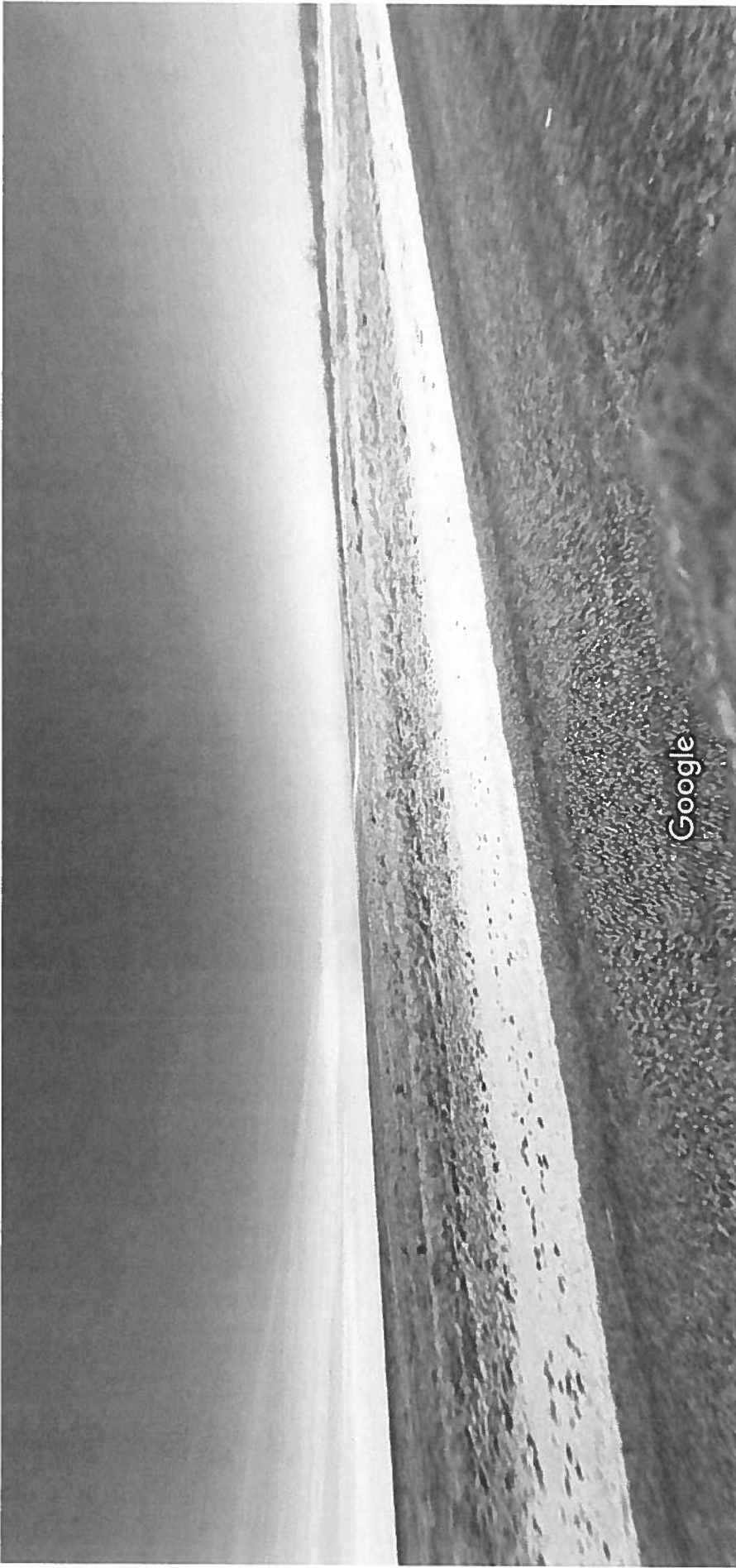


Image capture: Mar 2009 © 2015 Google

Andrews, Texas

Street View - Mar 2009



Google Maps Google Maps



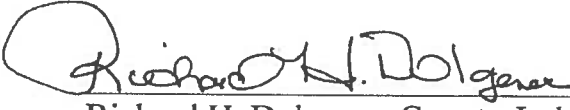
Imagery ©2015 Landsat, Map data ©2015 Google 2 mi

NOTICE OF SPECIAL MEETING
OF
ANDREWS COUNTY COMMISSIONERS COURT

There will be a Special Meeting and Public Hearing of Andrews County Commissioners Court, on Monday, July 27, 2015 at 9:00 a.m. in the Commissioners Courtroom, Room 107 Andrews County Courthouse, Andrews, Texas. A quorum of Commissioners Court will be present and the County Judge will be presiding over the meeting. Commissioner Barney Fowler, Pct 1 will be joining the meeting by video conferencing from Houston, Texas, TX GOV CODE 551.127. The purpose of this meeting will be to conduct the following:

1. Call to Order.
2. Public Hearing with Clay Butler, attorney with the Butler Firm PLLC reference Reinvestment Zone for Core Solar SPV VIII, LLC solar project.
3. Consider and approve Application for Tax Abatement and Designation of "Permian Solar Reinvestment Zone."
4. Consider and approve Resolution designating a Certain Area as a Reinvestment Zone for Texas Tax Code Chapter 312 Tax Abatement in Portions of Andrews County, Texas, to be known as the "Permian Solar" Reinvestment Zone, establishing the Boundaries thereof and providing for an Effective Date.
5. Consider and approve substance and form and entering into tax abatement with Core Solar SPV VIII, LLC.
6. Consider and approve Resolution approving tax abatement agreement with Core Solar SPV VIII, LLC, and execution thereof.

7. Entertain a motion to adjourn.


Richard H. Dolgener, County Judge RH

FILED FOR RECORD
ANDREWS COUNTY

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Andrews County News

June 24 ·

By SAM KAUFMAN
Staff Reporter

Andrews County's abundant energy sources aren't relegated to existing underneath the ground—it also comes from high above. The abundance of intense sun rays here could be the next resource of energy harnessed as a pivotal power source.

An Austin attorney on Monday presented plans concerning a proposed solar energy project for northwest Andrews County that would generate significant tax revenue over its course of operation. Clay Butler of Core Solar told county commissioners incentives involving tax abatement would assist the county with landing an extensive 80 megawatt solar plant through Solar City off NW County Road 8000 near CR 2001.

The plant, Andrews 7, would consist of numerous solar panels that absorb the sun's rays for generating electricity.

Industry officials explained that a megawatt hour of solar power can potentially cool around 100 homes for an hour on the warmest summer days and much more when average temperatures occur. The proposed plant here is among other solar projects targeted for West Texas—mostly in Pecos County—that include a 100 megawatt plant being constructed near Bakersfield and smaller projects presently online.

Due to its size and intense radiation from the sun, Texas is at the forefront of America's solar energy potential—with the majority of it spanning West Texas, according to state officials.

Core Solar would site the local project and Solar City, described by Butler as American's largest solar provider, would take over with its construction, commission and operation.

Butler said the plant would provide the county an added \$100 million in valuation and more than \$1.3 million in estimated tax payments over 25 years. There is also room to expand and provide more solar projects on lease land and possibly in other parts of the county that are conducive for plants as well, he added.

The plant would diversify the county's energy base, which is rooted in oil and gas, county officials have said. Projects involving another renewable energy source—wind power—have been considered in the past and are still being looked at, they added.

The county provides a stellar sun resource for the project, according to Butler, while increased transmission possibilities through Oncor Energy would play a role as well.

It's likely the commissioners court will consider designating a reinvestment zone for the project and consider tax abatement at a future meeting. County officials expressed a desire to provide 80 percent tax abatement over a seven-year period, according to Andrews County Judge Richard Dolgener.

The local school board will also consider tax abatement for the proposed solar plant at an August meeting.

The project would require publishing a notice of public hearings as well, according to Butler.

He also said construction of the 80 megawatt plant would take between nine and 12 months and could begin early year next year.

That timeline could result in the plant's construction concluding and coming online toward the end of

2016.

Butler said the construction process would involve between 200 and 400 jobs. An effort is made to hire locally, he added.

Once the plant construction is completed, the operation will consist of one to two permanent employees, according to Butler.

"There are not a lot of moving parts," he said of the operation.

The plant would consist of a panel area along with a project substation and operation and maintenance building.

One of the plant's benefits would involve "providing stability and reliability" to the local electric grid, while there would be minimum impact to the land and no water used to create electricity.

There are no environmental concerns with bird species—which occurs with wind turbines, Butler informed commissioners, while panels involved with the plant can actually provide protection to the lesser prairie chicken, which was considered for the federal endangered species list.

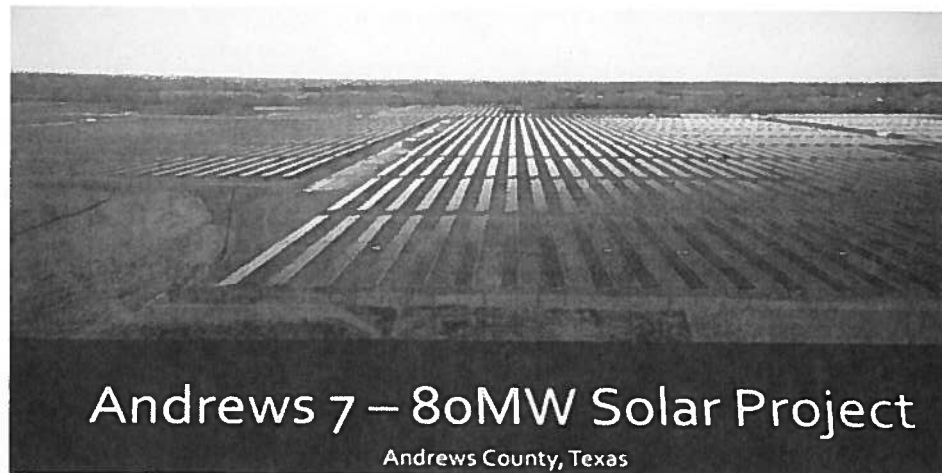
There's no oil and gas activity on the lease land scheduled for the plant, according to Butler.

"That's what we look for," he noted of areas that are conducive for solar plants.

First Solar constructed a solar plant in Pecos County known as the Barilla Solar Project that is now online. A press release around that time the project started said, "First Solar would offer the output to customers, including municipal utilities, electric cooperatives and larger commercial and industrial users.

The project's aim was to provide electricity to more heavily populated areas with greater peak energy demand."

"The Barilla Solar Project demonstrates First Solar's capability to rapidly develop, construct and commission a solar project offering clean, reliable energy at competitive rates to the market when and where it is required," said Tim Rebhorn, Senior Vice President of Business Development for First Solar. "The project will contribute to Texas' immediate energy needs and demonstrate how solar power can provide a generating resource that can be effectively integrated into the ERCOT grid and help meet Texas' energy demand, particularly during critical peak hours."



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23

80 Megawatt Solar Project Headed to Andrews County

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ANDREWS COUNTY, Texas - Plans are in place to bring a solar farm to Andrews County. The \$100 million investment will provide another option for electricity.

The exact location of where this solar project has yet to be determined but the city tells NewsWest 9 that project officials are eyeballing some property in northern Andrews County.

"We all know how these summers get and we've been having some rolling blackouts in different places, so there's always people looking for new and different ways to provide electricity," said Wes Burnett, Director of Economic Development of Andrews.

Andrews officials say the solar project named "Andrews 7" will likely be property near County Road 8000 and Northwest 3001. The land is currently vacant and isn't generating any property taxes.

"The life, the term of a project of a solar farm is 25 or 30 years, I think. So you're talking about a lot of years of added value to your tax base that's not reliant upon the price of oil or anything like that," said Burnett.

One Megawatt from solar energy can power 100 homes for one hour. "Andrews 7" will consist of 80 Megawatts with the power to light up 8,000 homes.

The project will bring 200 to 400 jobs for the year-long construction.

The county is talking about an 80% tax abatement for seven years and other entities are in tax abatement negotiations with the company Solar Core, too.

"Our county, schools and hospital, our city and economic development are all trying to look towards the future and different things to diversify from the oil and gas economy but also to plan for the future in many different ways," said Burnett.

Andrews County News reports the solar plant will provide the county with \$100 million in valuation and \$1.3 million in estimated tax payments over 25 years.

Officials aren't ruling out wind power, either.

The city tells NewsWest 9 that construction could begin later this year. If so, the solar project could be complete by late 2016.

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